

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 11, 2006

James Fulton, Chief, DFD
Office of Surface Mining
1999 Broadway, Suite 3320
P.O. Box 46667
Denver, Colorado 80201-6667

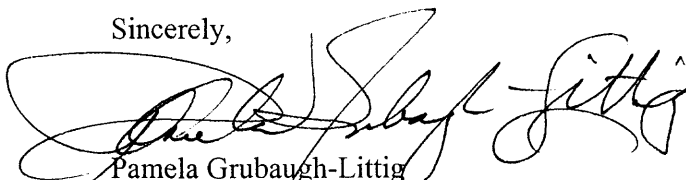
Subject: Request for Concurrence for Phase II Bond Release, Mountain Coal
Company LLC, Gordon Creek #2, #7, and #8 Mines, C/007/0016, Task ID
#2591, Outgoing File

Dear Mr. Fulton:

Enclosed is a decision document for Phase II bond release at the Gordon Creek #2, #7 and #8 Mines. OSM concurrence on the bond release is requested. The Permittee requests Phase II bond release on approximately 32.52 acres. The Division recommends that \$85,578 dollars be released from the bond. The Division estimated the reclamation cost in the event of bond forfeiture at \$171,000 in 2007 dollars. Since the current bond is for \$236,578, the maximum amount of bond release is \$85,578 dollars.

If you have any questions, please call me at (801) 538-5268.

Sincerely,



Pamela Grubaugh-Littig
Permit Supervisor

an
O:\007016.GC2\FINAL\WG2591\OSMLetter2591.doc

**UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT**

**Phase II Bond Release
Mountain Coal Company
Canyon Fuel Company LLC
Gordon Creek No. 2/7/8 Mines
C/007/0016
December 11, 2006**

CONTENTS

- Administrative Overview
- Chronology
- Findings
- Recommendation for Phase II Bond Release
- Technical Analysis
- Affidavit of Publication
- Phase II Bond Release Inspection Report
- BLM Concurrence Letter

ADMINISTRATIVE OVERVIEW

Phase II Bond Release
Mountain Coal Company
Canyon Fuel Company LLC
Gordon Creek No. 2/7/8 Mines
C/007/0016
December 11, 2006

ACTION

The Permittee seeks Phase II bond release on approximately 32.52 acres of the Gordon Creek No. 2/7/8 Mines. The area is located in the within:

Township 13 South, Range 8 East, SLBM, Utah
Section 17: SE1/4 SW1/4 SW1/4
Section 18: N1/2SE1/4, N1/2SW1/4SE1/4, S1/2NE1/4SW1/4, SE1/4SW1/4, SE1/4SW1/4SW1/4

Two areas associated with the Gordon Creek 2/7/8 Mines that the Permittee excluded from Phase II bond release are:

- 0.73 acres associated with the Sweets Pond area, that received Phase III bond release in 2003
- 1.63 acres associated with the new sediment ponds, which the Permittee will reclaim later.

BACKGROUND

Swisher Mining Company originally disturbed the No. 2 mine in late 1969. No topsoil was salvaged at the site during construction. Coal refuse was dumped along the embankments of the stream channel of Bryner Canyon. Mountain Coal Company permanently sealed the portal in 1985.

The No. 7 Mine was disturbed in 1983. Extensive excavation occurred which left an escarpment about eighty feet high. The No. 7 Mine portal was sealed in December 1990. Approximately fifty feet of the escarpment was covered during regrading and channels were established.

The No. 8 Mine was opened in 1989 and then sealed in 1990. Due to poor mining conditions, the Permittee was forced to close the mine shortly after opening it.

The highwall reclamation at this mine site was the subject of a Ten-Day Notice (TDN X94-02-352-003 TV2) issued on August 31, 1994. This TDN resulted in an informal appeal to OSM in Washington. By letter dated March 20, 1995, the Deputy Director of ISM remanded the

case back to OSM – Albuquerque Field Office (AFO) and the OSM – Western Regional Coordinating Center (WRCC) to work in conjunction with DOGM in addressing various highwall issues that may be unique to Utah and the Western States. On July 14, 1995, OSM – WRCC reversed the decision of the AFO Director with respect to the appropriateness of DOGM's response to the TDN, and a Federal inspection was not ordered.

The Permittee began backfilling and grading in 1995 and completed the task in 1997. They seeded the site in 1997. In 1999, the Permittee did additional earthwork to take care of some problems that had occurred. The additional earthwork corrected the problems.

In 2003, the Permittee applied for Phase I and Phase III bond release at the Gordon Creek 2/7/8 mines. The Permittee applied for and the Division granted Phase I bond release for 32.52 acres of the No. 2/7/8 Mine on October 9, 2003. The Division approved Phase III bond for 0.73 acres associated with the Sweets Pond area on October 9, 2003.

On July 28, 2005, the Permittee applied for Phase II bond release on 32.52 acres. In 2006, the Division determined that the site was eligible for Phase II bond release.

CHRONOLOGY FOR PHASE II BOND RELEASE

Phase II Bond Release
Mountain Coal Company
Canyon Fuel Company LLC
Gordon Creek No. 2/7/8 Mines
C/007/0016
December 11, 2006

- 1969: Swisher Mining Company originally disturbed the No. 2 Mine.
- 1974: Swisher Coal Co. was bought by General Exploration Co. (GEX) in 1974. The new owner kept the name of Swisher Coal Co.
- 1980: Swisher Coal Company was sold to ARCO Coal Co.
- 1980: Swisher Coal Company name changed to Beaver Creek Coal Company.
- 1983: Swisher Mining Company originally disturbed the No. 7 Mine.
- 1985: No. 2 Mine closed and permanent seals installed.
- 1989: No. 7 Mine opened.
- 1990: No. 2 Mine and No. 7 Mine closed and permanent seals installed.
- 1991: Demolition at the mine sites was completed.
- 1992: Beaver Creek Coal Company was closed and put under Mountain Coal Company.
- 1995: Earthwork began.
- 1997: Earthwork completed.
- 1997: Seeding completed.
- 1998: ARCO Coal Company sold Mountain Coal Company to Arch Coal.
- 1999: Additional earthwork was done.
- 2003: Phase I bond release granted on 32.52 acres.
- 2003: Phase III bond release granted on 1.63 acres associated with the Sweets Pond.

- 2005: On July 28, 2006, Mountain Coal Company submits a Phase II bond release request for 32.52 acres. The Division finds the application deficient and requests more information.
- 2006: On July 28, 2006, Mountain Coal Company submits additional information for Phase II bond release.
- 2006: On September 28, 2006, the Division conducted a bond release inspection with the BLM. The Division sent invitation letters to the BLM, OSM, Carbon County and the surface owner and adjacent surface owners.

SUMMARY OF FINDINGS

Phase II Bond Release
Mountain Coal Company
Canyon Fuel Company, LLC
Gordon Creek No. 2/7/8 Mines
C/007/0016
December 11, 2006

The Division found that the Permittee met the requirements for Phase II bond release. The Bureau of Land Management (BLM) the federal coal owner, reviewed the bond release application and concurred with the finding that Phase II bond release should be approved.

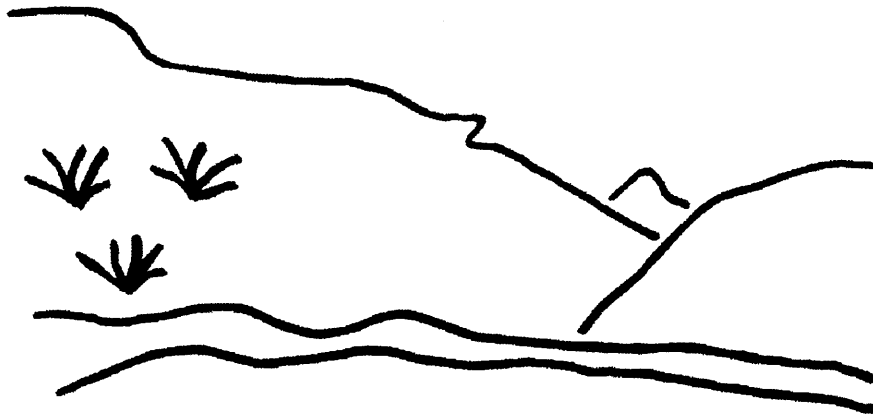
The public and the surface owner, adjacent surface owners and local government officials were informed of the request for bond release and none objected. The public was informed by a newspaper advertisement published from August 17, 2006 to September 7, 2006. The landowner, adjacent landowners and government official were notified of the bond release by letters sent by the Permittee and the Division.

PHASE II BOND RELEASE RECOMMENDATION

Phase II Bond Release
Mountain Coal Company LLC
Canyon Fuel Company, LLC
Gordon Creek No. 2/7/8 Mines
C/007/0016
December 11, 2006

The Division recommends that \$85,578 dollars be released from the bond. The Division estimated the reclamation cost in the event of bond forfeiture at \$171,000 in 2007 dollars. Since the current bond is for \$236,578, the maximum amount of bond release is \$85,578 dollars.

State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Gordon Creek 2, 7, & 8 Mines
Canyon Fuel Company, LLC
Technical Analysis
October 17, 2006

TABLE OF CONTENTS

TECHNICAL ANALYSIS DESCRIPTION	1
RECLAMATION PLAN.....	3
GENERAL REQUIREMENTS	3
POSTMINING LAND USES	4
PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES.....	4
HYDROLOGIC INFORMATION	5
Hydrologic Reclamation Plan	5
REVEGETATION	7
Revegetation: General Requirements	7
Revegetation: Timing.....	7
Revegetation: Mulching and Other Soil Stabilizing Practices.....	7
Revegetation: Standards For Success	7
STABILIZATION OF SURFACE AREAS	8
MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS	9
Final Surface Configuration Maps.....	9
BONDING AND INSURANCE REQUIREMENTS.....	9
Determination of Bond Amount	9
Terms and Conditions for Liability Insurance	10
CUMULATIVE HYDROLOGIC IMPACT ASSESSMENT (CHIA).....	11

TECHNICAL ANALYSIS DESCRIPTION

October 17, 2006

TECHNICAL ANALYSIS DESCRIPTION

The Phase II bond release application (Task #2384) was received on December 12, 2005. The Permittee applied for Phase II bond release for 146,578.00. This includes the 32.52 acres of reclaimed mine disturbance. The mines are located in Bryner Canyon approximately 20 miles northwest of Price, Utah and can be located on the Jump Creek 7.5 minute quadrangle map. The Division reviewed the application and found it to be defective.

The disturbed area at the Gordon Creek No. 2, No. 7 and No. 8 Mines contains 34.15 acres of which the Permittee is seeking Phase II bond release on 32.52 acres. The remaining 1.63 acres contain three sediment ponds that will be removed and the area reclaimed after Phase II bond on the 32.52 areas has been approved.

Swisher Mining Company originally disturbed the No. 2 mine in late 1969. No topsoil was salvaged at the site during construction. Coal refuse was dumped along the embankments of the stream channel of Bryner Canyon. Mountain Coal Company permanently sealed the portal in 1985.

The No. 7 Mine was disturbed in 1983. Extensive excavation occurred which left an escarpment about eighty feet high. The No. 7 Mine portal was sealed in December 1990. Approximately fifty feet of the escarpment was covered during regrading and channels were reestablished.

The No. 8 Mine was opened in 1989 and then sealed in 1990. Due to poor mining conditions, the operator was forced to close the mine shortly after opening it.

The No. 7 and No. 8 mine sites were backfilled and regarded in 1997. Reclamation of the No. 2 mine began in 1998.

On October 9, 2003, the Division granted Phase I bond release for the all areas with the exception of the Sweet's Pond area. The Division granted the Sweet's Pond area Phase III bond release on October 9, 2003.

Page 2
C/007/0016
October 17, 2006

TECHNICAL ANALYSIS DESCRIPTION

RECLAMATION PLAN

October 17, 2006

RECLAMATION PLAN

GENERAL REQUIREMENTS

Regulatory Reference: PL 95-87 Sec. 515 and 516; 30 CFR Sec. 784.13, 784.14, 784.15, 784.16, 784.17, 784.18, 784.19, 784.20, 784.21, 784.22, 784.23, 784.24, 784.25, 784.26; R645-301-231, -301-233, -301-322, -301-323, -301-331, -301-333, -301-341, -301-342, -301-411, -301-412, -301-422, -301-512, -301-513, -301-521, -301-522, -301-525, -301-526, -301-527, -301-528, -301-529, -301-531, -301-533, -301-534, -301-536, -301-537, -301-542, -301-623, -301-624, -301-625, -301-626, -301-631, -301-632, -301-731, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-732, -301-733, -301-746, -301-764, -301-830.

Analysis:

The Permittee meet the general requirements for bond release. Those requirements include:

Notarized Signatures: The Permittee included an affidavit with a notarized signature of a company official stating the all the reclamation work had been completed.

Notification Letters: The Permittee included copies of notification letters that will be sent to land owners and government official.

Maps: The Permittee included a map showing were the Phase II area is located.

The reclamation plan for the Gordon Creek mines can be found in Volume I, Section 3, pages 3 –29 through 3 –77 and Figures 3 -1 through 3 -7. This section of the plan addresses the reclamation of the Gordon Creek 2 , 7, & 8 mines the old fan portal areas, and Sweets Pond. The Sweets Pond area has received final bond release.

Appendix 2-9 has been provided as the application for Phase II bond release of the Gordon Creek 2, 7, & 8 mines. Included are:

- Bond release figures for the current reclamation activities.
- Copies of letters for the notification of the Phase II bond release application to landowners, agencies, and water companies.
- A copy of the newspaper advertisement for Phase II Bond release.
- The vegetation monitoring study for the reclaimed areas in included in the bond release application.

RECLAMATION PLAN

Findings:

The information in this Section of the approved Mining and Reclamation Plan and Phase II bond release application is adequate to meet the requirements of this Section the regulations.

POSTMINING LAND USES

Regulatory Reference: 30 CFR Sec. 784.15, 784.200, 785.16, 817.133; R645-301-412, -301-413, -301-414, -302-270, -302-271, -302-272, -302-273, -302-274, -302-275.

Analysis:

The postmining land use for the Gordon Creek Mines is addressed in Volume I, Section 4, and pages 4 –55 through 4-57 of the approved MRP. The land use is designated as wildlife habitat. Reclamation and revegetation practices have resulted in the establishment of wildlife populations, (deer, elk, bear, raptors, birds, small mammals), and vegetation on the reclaimed land.

Findings:

The information in this Section of the approved Mining and Reclamation Plan and Phase II bond release application is adequate to meet the requirements of this Section of the regulations.

PROTECTION OF FISH, WILDLIFE, AND RELATED ENVIRONMENTAL VALUES

Regulatory Reference: 30 CFR Sec. 817.97; R645-301-333, -301-342, -301-358.

Analysis:

At the completion of backfilling, grading, surface roughening and seeding the reclaimed area was fenced to prevent livestock from grazing on the newly established vegetation. A three-celled sediment pond was constructed at the lower end of the reclaimed area to collect sediment from the reclaimed area during the initial years of vegetation establishment and prevent off site deposition of sediments to Gordon Creek. The area was also posted as no trespassing by the surface owner.

Findings:

The information in this section of the approved mining and reclamation plan and Phase

RECLAMATION PLAN

October 17, 2006

If bond release application is adequate to meet the requirements of this Section of the regulations.

HYDROLOGIC INFORMATION

Regulatory Reference: 30 CFR Sec. 784.14, 784.29, 817.41, 817.42, 817.43, 817.45, 817.49, 817.56, 817.57; R645-301-512, -301-513, -301-514, -301-515, -301-532, -301-533, -301-542, -301-723, -301-724, -301-725, -301-726, -301-728, -301-729, -301-731, -301-733, -301-742, -301-743, -301-750, -301-751, -301-760, -301-761.

Analysis:**Hydrologic Reclamation Plan**

The procedure of surface roughening by gouging then seeded, controlling erosion and reducing sediment loading downstream. Silt fences were installed at the edges of disturbed areas to contain runoff that wasn't trapped in the gouges.

Ground-water monitoring.

There are no groundwater monitoring sites on the permit area.

Surface-water monitoring.

The Permittee continues to monitor surface water sites. They are shown on Plate 7-2. The sites will be monitored throughout the reclamation program.

Acid and toxic-forming materials.

No acid or toxic material is exposed or treated on the permit area.

Transfer of wells.

No wells have been transferred.

Discharges into an underground mine.

All mines are sealed. There is no discharge into underground mines.

The procedure of surface roughening by gouging then seeded, controlling erosion and reducing sediment loading downstream. Silt fences were installed at the edges of disturbed areas to contain runoff that wasn't trapped in the gouges.

RECLAMATION PLAN

Ground-water monitoring.

There are no groundwater monitoring sites on the permit area.

Surface-water monitoring.

The Permittee continues to monitor surface water sites. They are shown on Plate 7-2. The sites will be monitored throughout the reclamation program.

Acid and toxic-forming materials.

No acid or toxic material is exposed or treated on the permit area.

Transfer of wells.

No wells have been transferred.

Discharges into an underground mine.

All mines are sealed. There is no discharge into underground mines.

Diversions.

A system of undisturbed stream channels directed all flow to the main channel, and the main channel directs flow to the sedimentation pond. The pond is built for total containment of the drainage area. The Main channel and six tributaries appeared intact and stable.

Sediment control measures.

The area appeared very stable in most areas of the reclaimed site. The technique of gouging is thought to be a major factor in controlling runoff while the vegetation to root and added to the stability. There is a high percent of alfalfa on the site that covered a lot of the surface area. Hydrologically the abundant alfalfa a very good plant to help prevent erosion. The plant grows tall with a lot of stems and leaves. As the stems grow longer they bend over providing cover in between the plants, forming a mat like protection. Any heavy rainfall is cushioned, preventing impact to the soil and advanced erosion.

Several cattle had appeared on the site from a preliminary visit a couple weeks before. They had cropped the tops off a good portion of the plants. It is thought that if the cattle were restricted from the site the vegetation mat would be protected.

Other treatment facilities.

RECLAMATION PLAN

October 17, 2006

The Permittee will use gouging, mulch and reseeding, to establish vegetation, to control erosion and contribution of sediment to stream channels during and after reclamation.

Findings:

The information provided in the MRP and the Phase II Bond release site visit meets the minimum requirements of Hydrology Information section of the Reclamation Regulations.

REVEGETATION

Regulatory Reference: 30 CFR Sec. 785.18, 817.111, 817.113, 817.114, 817.116; R645-301-244, -301-353, -301-354, -301-355, -301-356, -302-280, -302-281, -302-282, -302-283, -302-284.

Analysis:**Revegetation: General Requirements**

Final seeding for the reclaimed areas occurred in October 1998 using a combination of native and introduced plant species. A copy of the final seed mix, (Table3 -3), is included in the application.

Revegetation: Timing

Section3 .5.5.4 page 3 –57 of the approved MRP details the schedule that was used to complete the reclamation of the Gordon Creek Mines. Reclamation, mulching and seeding were completed in October of 1998 in accordance with the approved schedule.

Revegetation: Mulching and Other Soil Stabilizing Practices

Section 3.5.5.3 page 3-56 of the approved MRP describe the standard type of mulch and application rates in pounds per acre that were used to complete the reclamation of the Gordon Creek mines.

Revegetation: Standards For Success

Section 3.5.5.7 pages 3 –59 through 3 –61 of the approved MRP describe the standards for success the established vegetation would be measured against. Also known as a reference area this vegetative community is described as Mountain Brush/Grassland. The application includes a vegetation monitoring report for the year 2003. Quantitative and qualitative data were taken on the vegetation of the reclaimed areas in accordance with the monitoring requirements of the MRP, (Section3 .5.5.7p age3-62). The results of the data were as follows:

RECLAMATION PLAN

Reclaimed Areas: Total mean living cover was estimated at 64.20%. This cover estimate was comprised of 57.21% forbs, 40.52% grasses and 2.26% shrubs. Woody species were estimated at 266 plants per acre.

Diversity indices included the average number of species per square meter at 3.720, the total diversity using MacArthur index at 10.752, and the total number of species encountered at 30. Reference Area: Total mean living cover was estimated at 51.88%. This cover estimate was comprised of 3.4% forbs, 53.13% grasses and 43.47% shrubs. Woody species were estimated at 2,225 plants per acre.

Diversity indices included the average number of species per square meter at 2.750, the total diversity using MacArthur index at 5.495, and the total number of species encountered at 15.

A number of conclusions may be drawn from this data and they are discussed in the report prepared by Mt. Nebo Scientific as Appendix 2 -9. Based on this data, monthly inspections since reclamation, (approximately 60) and monthly records of no discharge from the sediment pond, the reclaimed site is stable, well vegetated and not contributing any suspended solids to the watershed outside of the reclaimed area.

Findings:

The Permittee met the minimum requirements of this section of the regulations.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

Reclamation techniques used to stabilize surface areas included backfilling and grading to approximate original contour, surface, roughening, reestablishment of watersheds, drainages utilizing various sizes of rip rap, proper soil replacement, construction of sediment ponds to prevent off site deposition of sediments and seed distribution using a combination of native and introduced plant species.

Cover at the reclaim site was found to be 64.2% as compared with the 51.88% cover at the Mountain Brush/Grass Reference Area. The site appeared much as it had during the Phase I bond release inspection three years before. Vegetation is well established. There was no evidence of erosion. Livestock were grazing the site and had trod a well-worn path to access the ponds and spring.

RECLAMATION PLAN

The series of three ponds at the lower end of the site were observed. The first pond in the sequence is accessible to livestock. It held mud. The second two ponds were dry.

Findings:

The information in this section of the approved Mining and Reclamation Plan is adequate to meet the requirements of this Section of the regulations.

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

Final Surface Configuration Maps

Plate 3 -7 of the MRP describes the final surface configurations for the reclaimed area. Plates 3 -8A through 3 -8H provides cross-sections of the reclaimed area.

Findings:

The information in this Section of the approved MRP is adequate to meet the requirements of this Section of the regulations.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Determination of Bond Amount

R645-301-830.100 requires that the Division determine the bond amount. The current bond amount of \$256,578 is in 2005 dollars. R645-301-830.100 requires that the Division escalate the bond amount. The Division escalates the bond from midterm to midterm. The Division scheduled the next midterm for February 2007. Therefore, the dollar amount must be in 2007 dollars.

RECLAMATION PLAN

The Division estimated the reclamation cost in the event of bond forfeiture at \$171,000 in 2007 dollars. Since the current bond is for \$236,578, the maximum amount of bond release is \$85,578 dollars.

Terms and Conditions for Liability Insurance

The Permittee meet the minimum requirements for Phase II bond release.

Findings:

The Permittee met the minimum requirements of the regulations.

CUMULATIVE HYDROLOGIC IMPACT ASSESSMENT (CHIA)

Regulatory Reference: 30 CFR Sec. 784.14; R645-301-730.

Analysis:

The Division has written the CHIA, dated June 7, 2005.

Findings:

The field review revealed the information provided by the Phase II Bond Release applicant in the PHC, Geology and Hydrology sections of the MRP meet the minimum requirements for the Cumulative Hydrologic Impact Assessment section of the regulations.

O:\007016.GC2\FINAL\WG2591\TA2591.doc

AFFIDAVIT OF PUBLICATION

STATE OF UTAH)

SS.

County of Carbon,)

I, Richard Shaw, on oath, say that I am the Publisher of the Sun Advocate, a twice-weekly newspaper of general circulation, published at Price, State a true copy of which is hereto attached, was published in the full issue of such newspaper for 4 (Four) consecutive issues, and the first publication was on the 17th day of August, 2006, and that the last publication of such notice was in the issue of such newspaper dated the 7th day of September, 2006.



Richard Shaw - Publisher

Subscribed and sworn to before me this 7th day of September, 2006.



Notary Public My commission expires January 10, 2007 Residing at Price, Utah

Publication fee, \$ 599.04

**PUBLIC NOTICE**

**APPLICATION FOR PHASE II BOND RELEASE
GORDON CREEK NO. 2/7/8 MINES
PERMIT #ACT/007/016**

**MOUNTAIN COAL COMPANY, L.L.C.
P.O. BOX 591
SOMERSET, COLORADO 81434**

Mountain Coal Company, P.O. Box 591, Somerset, Colorado, 81434, a wholly owned subsidiary of Arch Western Resources, L.L.C., has filed with the Division of Oil, Gas & Mining an application for partial release of the reclamation performance bond for its Gordon Creek No. 2/7/8 Mines.

The company has completed Phase II of the approved reclamation plan for the Gordon Creek No. 2/7/8 Mines. This is based upon the establishment of revegetation and sediment control in accordance with the approved plan. There were approximately 34.88 acres of disturbed area associated with this operation. Of this, approximately 1.63 acres were associated with the new sediment ponds (to be reclaimed at a later time) and 0.73 acres were associated with the Sweet's Canyon Pond, which has been released. Phase II Bond Release is requested on all reclaimed area, exclusive of the above pond areas, or 32.52 acres.

The present bond posted for this site is a surety bond in the amount of \$256,578.00. Mountain Coal Company is applying for release of an additional \$146,578.00.

The Gordon Creek No. 2/7/8 Mines are located in Bryner Canyon, approximately 20 road miles northwest of Price, Utah. The permit area is described as follows:

Township 13 South, Range 8 East, SLBM, Utah

Sec. 17: SE 1/4 SW1/4 SW1/4

Sec. 18: N1/2SE1/4, N1/2SW1/4SE1/4, S1/2NE1/4SW1/4,
SE1/4SW1/4, SE1/4SW1/4SW1/4

The permit area is located on the Jump Creek, Utah, U.S. Geological Survey 7.5 minute quadrangle map.

Federal Coal Leases were #U-53159 and #U-8319.

The Gordon Creek No. 2/7/8 Mines have been operated and reclaimed under permit ACT/007/016. The existing permit was renewed and approved on August 28, 2004. The Gordon Creek No. 2/7/8 Mines were closed in November, 1990. Site demolition was completed in 1991. Backfilling and grading started in 1995 and finished in August 1997. The majority of the seeding was completed in August 1997 with additional seeding of the regraded area completed in August 1999. Additional regrading was completed in July, 1999. Phase 1 Bond Release was approved in October 2003. MCC has determined through field study the vegetation meets cover and diversity standards for Phase II Bond Release.

This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1997 and State and Federal regulations promulgated pursuant to said act.

Comments, objections, and/or a request for public hearings or informal conferences concerning this proposal may be made to: State of Utah Department of Natural Resources, Division of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, Box 145801, Salt Lake City, Utah 84114-5801.

Published in the Sun Advocate August 17, 24, 31 and September 7, 2006.

Internal
4/007/0016



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Representatives Present During the Inspection:

OGM	Dave Darby	Environmental Scientist III
OGM	Priscilla Burton	Environmental Scientist III
Company	Dan Guy	
Company	Chris D. Hansen	Environmental Manager
OGM	Peggy Abrigo	
OGM	Joe Helfrich	Environmental Scientist III
OGM	Wayne Western	Environmental Scientist III

Inspection Report

Permit Number:	C0070016
Inspection Type:	PARTIAL
Inspection Date:	Thursday, September 28, 2006
Start Date/Time:	9/28/2006 9:00:00 AM
End Date/Time:	9/28/2006 12:30:00 PM
Last Inspection:	Thursday, September 28, 2006

Inspector: Joe Helfrich, Environmental Scientist III

Weather: sunny 70 light breeze

InspectionID Report Number: 1098

Accepted by: whedberg
10/4/2006

Permittee: **MOUNTAIN COAL CO**

Operator: **MOUNTAIN COAL CO**

Site: **GORDON CREEK 2, 7 & 8 MINES**

Address: **HC 35 BOX 380, HELPER UT 84526**

County: **CARBON**

Permit Type: **PERMANENT COAL PROGRAM**

Permit Status: **RECLAIMED**

Current Acreages

179.27	Total Permitted
34.15	Total Disturbed
34.15	Phase I
	Phase II
0.73	Phase III

Mineral Ownership

- ☒ Federal
☐ State
☐ County
☒ Fee
☐ Other

Types of Operations

- ☒ Underground
☐ Surface
☐ Loadout
☐ Processing
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this site visit was to conduct a partial inspection in conjunction with the phase II bond release inspection

Inspector's Signature: _____

Joseph C. Helfrich
Joe Helfrich, Environmental Scientist III
Inspector ID Number: 1

Date: Tuesday, October 03, 2006

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
 telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

Permit Number: C0070016

Inspection Type: PARTIAL

Inspection Date: Thursday, September 28, 2006

Inspection Continuation Sheet

Page 2 of 3

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Permit Number: C0070016
Inspection Type: PARTIAL
Inspection Date: Thursday, September 28, 2006

Inspection Continuation Sheet

Page 3 of 3

1. Permits, Change, Transfer, Renewal, Sale

The phase II bond release application is pending approval following the results of the inspection. Recommendations will be sent to OSM for concurrence.

2. Signs and Markers

The county road sign had been re-installed and the fence repaired.

3. Topsoil

The site is stable showing no signs of erosion or off site sediment deposition. Trails and some compaction were beginning to develop around the upper cell of the sediment pond, Jacobs pond and the spring above Jacobs pond.

9. Protection of Fish, Wildlife and Related Environmental Issues

Most of the cattle have been removed from the reclaimed area. The cattle fed primarily on the alfalfa leaving approximately 12"-14" of stems and leaves. The area had been grazed for approximately 6-8 weeks by 15-20 head of cattle. The site will be evaluated next spring to determine if an interim period of grazing is appropriate.

13. Revegetation

Thistle rosettes should be sprayed in the spring of 2007.

0015



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, UT 84501

<http://www.blm.gov/utah/price/>



DEC - 4 2006

3484 U-53159/U-8319
(UT-070)

Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil Gas and Mining
P. O. Box 145801
1594 West North Temple Street, Suite 1210
Salt Lake City, Utah 84114-5801

*Incoming OK
C/007/006*

Subject: Phase II Bond Release for Gordon Creek No. 2/7/8 Mines, Arch Western

Dear Mrs. Grubaugh-Littig:

The Bureau of Land Management (BLM) has been asked to respond if our agency has any objections or concerns with regards to a Phase II bond release (reclamation bond) for the Gordon Creek No. 2/7/8 mines.

We have participated in the September 28, 2006 onsite inspections and have reviewed our files. Reclamation in this area occurred on private land with federal minerals. All portal seals were noted to be properly intact with successful re-vegetation. Photographs of the onsite are attached.

We have no objections to Phase II bond release.

If you have and questions or comments, please contact Angela Wadman of my staff at 435-636-3661.

Sincerely,

Rebecca Doolittle

Rebecca Doolittle
Assistant Field Manager

cc: UT-923, SD, Utah

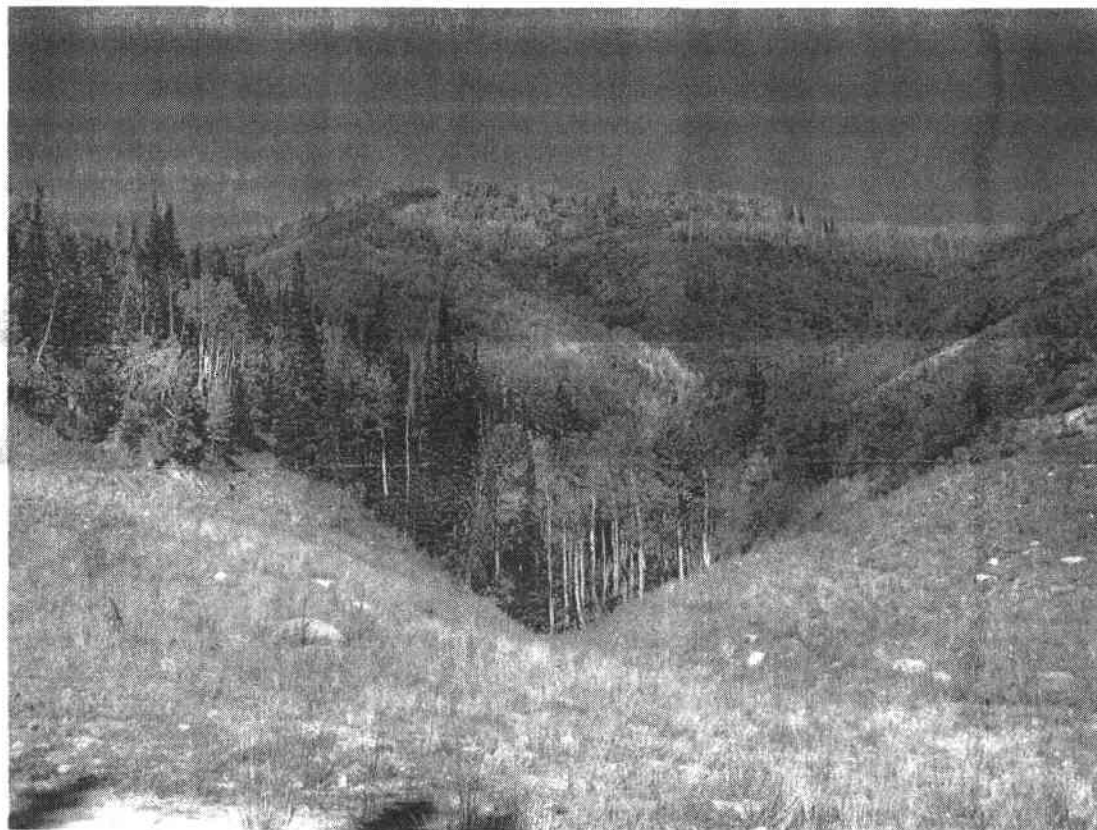
RECEIVED

DEC 07 2006

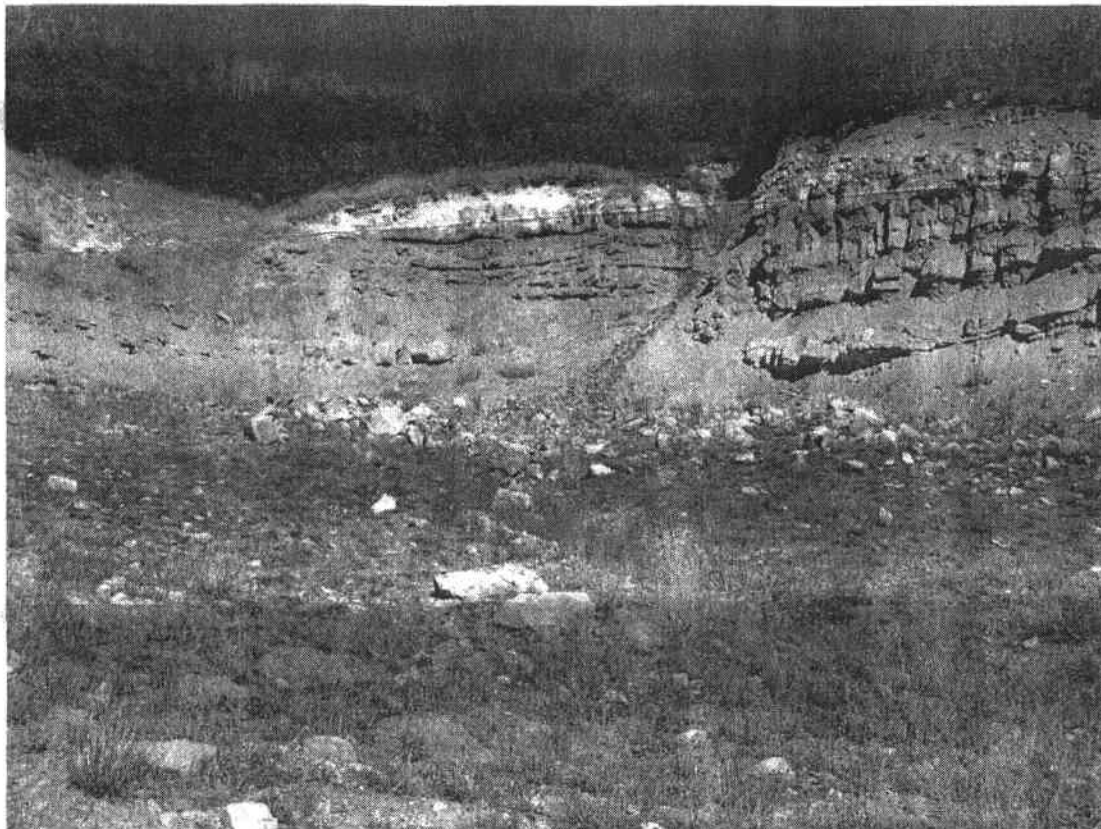
DIV. OF OIL, GAS & MINING



Down canyon view of Bryner Canyon and North Fork Gordon Creek from Gordon Creek No. 7 mine portal.



A picture of a north side canyon on the way to the portals.



A picture of the reclaimed highwalls and portals of Gordon Creek No. 7.



A picture of Gordon Creek No. 8 Mine portal taken on September 28, 2006.